

# Exhibit 1

technicolor



# ANNUAL REPORT 2011

including the Annual Financial Report

EXHIBIT 5811  
WIT: \_\_\_\_\_  
DATE: \_\_\_\_\_  
DAWN A. HILLIER, RPR, CRR

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technicolor



*Société anonyme* with a share capital of €223,759,083  
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## ANNUAL REPORT 2011



This Registration document (*Document de Référence*) was filed with the *Autorité des Marchés Financiers* (AMF) on March 27, 2012 in accordance with Article 212-13 of the AMF General Regulations. It may be used in connection with a financial transaction provided it is accompanied by a transaction note (*note d'opération*) approved by the AMF. This document was prepared by the issuer and is the responsibility of the signatories thereof.

This registration document can be consulted on the website of the AMF (French version only) ([www.amf-france.org](http://www.amf-france.org)) and on the website of Technicolor ([www.technicolor.com](http://www.technicolor.com)).

## 3.4 OTHER RISKS

### 3.4.1 RISKS RELATED TO ANTITRUST PROCEDURES

**Claims and investigations relating to competition law could materially adversely affect the Group's performance.**

The Group is subject to certain claims and investigations relating to alleged anti-competitive conduct by Technicolor and certain of its subsidiaries in connection with the former cathode ray tubes business. See note 35 to the consolidated financial statements for more information.

Should the Group or any of the subsidiaries ultimately become subject to fines or penalties in respect of any such alleged conduct, or be held liable therefore to any third parties, or settle any related claims or proceedings, it is possible that the amounts of any such fines or penalties, liability or settlement could be substantial. At the present time, there are too many uncertainties to assess the extent of any liability that Technicolor may incur as a consequence of these investigations.

The Group continues to take all appropriate measures to meet requests for information from the administrations concerned. Furthermore, in order to prevent other procedures or events of this nature, it is important to ensure that the Group's management and sales force are appropriately sensitive to competition regulations and to build up their knowledge on the subject. The Group has developed and implemented training programs on the subject, in particular using on-line training methods.

### 3.4.2 RISKS RELATED TO BUSINESS DISPOSALS

In 2009, the Group decided to sell or close activities that are considered non-strategic, such as Grass Valley, Screenvision and residential telephony. As of December 31, 2011, these disposals have been completed. In 2011, Broadcast Services business has been classified as held for sale. It is possible that the Group decides to dispose of some other businesses.

The sale or closure of a business exposes the Group to a range of risks which include risks linked to asset sales, risks of delay, risks on funding working capital requirements during the period of sale and additional costs of closure, especially labor-related costs, clauses in supplier and customer contracts which may lead to penalty claims, risk of losing

customers of the activities sold, and possible decline of revenues and operating result prior to closure. In addition, after the disposal of a business, the Group may have to cope with risks linked to remaining commitments as well as guarantees. There is also a risk of being unable to eliminate structural costs that cannot be passed on to the buyer or which may be the result of the split of businesses into autonomous segments of business.

### 3.4.3 RISKS RELATED TO ECONOMIC AND SOCIAL CONDITIONS

**The Group sources a large number of goods from emerging markets and is subject to risks inherent in these markets, including currency fluctuations, political and social uncertainty, exchange controls, and expropriation of assets.**

These risks could disrupt production in such countries and the ability to produce and procure goods for sale in the principal North American and European markets.

Risks concerning the economic and social environment are managed by each business, either in decentralized form for risks specific to a given activity, or through Group support functions. They are regularly reviewed in detail by Group management as part of the monthly or quarterly business review meetings.

### 3.4.4 RISKS RELATED TO HUMAN RESOURCES

**The Group's success depends upon retaining key personnel and hiring qualified personnel.**

The Group's success depends to a significant degree upon the continued involvement of the management team. A limited number of individuals have primary responsibility for managing the business, including the relationships with key customers, licensees, and major suppliers. If the Group were to lose a key member of the team, whether from retirement, competing offers or other causes, the Group may be prevented from executing its business strategy, lose key customer or licensee relationships, or otherwise suffer an adverse effect on its operations.



### 3.4.7 LITIGATION

In the normal course of its business activities, the Group is involved in legal proceedings and is subject to tax, customs and administrative audits. The Group generally records a provision whenever a risk represents a contingent liability towards a third party and when the possible loss that may result can be estimated with sufficient accuracy.

The principal legal proceedings and governmental investigations in progress or envisaged, including certain claims and investigations

relating to alleged anti-competitive conduct in connection with the Group's former cathode ray tube business, are described in note 35 to the Group's consolidated financial statements in this Annual Report.

Except for the litigation described in note 35 to the consolidated financial statements in this Annual Report, there are no other governmental, judicial or arbitration proceedings, including any proceedings of which the Group is aware, that are currently pending or threatened, which could have, or have had over the past 12 months, a material effect on the financial situation or profitability of the Company and/or the Group.

## 3.5 INSURANCE

The Group has a "Corporate Risk & Insurance" Department in charge of insurance and associated risk management for the Company.

Through this department, Technicolor arranges global insurance programs covering the major risks related to its activities that are underwritten with well-known insurers via a global broker. These programs, established on behalf of its subsidiaries worldwide, are implemented through a "Master" insurance policy that strengthens the coverage offered by local policies, and provides "difference in conditions" and "difference in limits" over these policies.

These programs cover risks such as general and professional liability, property and business interruption (the Group carries exposures in high risk, natural hazard areas and has purchased adequate specific insurance coverage in this regard), and country-specific risks such as Employer's Liability in the U.K. and Workers' Compensation insurance in the U.S.

For risks considered non-strategic, subsidiaries are allowed to subscribe to additional insurance policies in their local market.

These insurance programs also cover the risk of damage to goods in transit, where such insurance is required, as well as the environmental damage caused by pollution. In addition, Technicolor has insurance for the risks associated with the liability of its Directors and executive officers.

The Group insurance policies are issued on an "all risks" basis, but with standard market exclusions.

The deductible levels are determined and applied according to the assets and operational risks of the business units.

Insurance policies are purchased whenever required by law or when activities or circumstances render them necessary. Thus, the Group has established insurance covering motor vehicles and personal liability, in countries where such insurance is required.

In addition, in partnership with its insurers, Technicolor has developed a loss prevention program in order to reduce its exposure to its assets and operating losses that may occur in case such risks should materialize. Thanks to this program, several key sites have obtained the "Highly Protected Risk" status, which is the best grade in the assessment implemented by our insurer. The Corporate Legal Department has established procedures and rules in order to manage contractual risk. It ensures, in conjunction with the Corporate Risk & Insurance team, that these rules are applied throughout the world.

The Group intends to continue its policy of comprehensive coverage for all its exposure to major risks, expand its coverage when necessary, and reduce costs through self-insurance when it is deemed appropriate.

The Group does not foresee difficulties in setting up insurance policies in the future.

To date, the Group does not have a captive insurance or reinsurance company.

**8 - FINANCIAL STATEMENTS**  
Notes to the consolidated financial statements

### ***Cathode Ray Tubes Investigations***

On November 28, 2007, Technicolor USA, Inc. (US) (formerly Thomson, Inc.) received a subpoena issued on behalf of the Antitrust Division of the U.S. Department of Justice ("DOJ") investigating alleged anticompetitive conduct in the Cathode Ray Tubes ("CRT") industry, including Color Picture Tubes ("CPT") and Color Display Tubes ("CDT") businesses.

In addition, class action law suits asserting private antitrust claims were filed in early 2008 in the United States that originally named Thomson and others as defendants, although Thomson/Technicolor was dropped as a named defendant when amended complaints were filed in the spring of 2009.

On January 9, 2008, Thomson/Technicolor received a request under art 18 (2) of Council Regulation n°1/2003 from the European Commission (the "EC") also relating to the CRT industry. Thomson/Technicolor received three further requests for information from the EC on January 16, 2009, January 19, 2009, and September 15, 2009 respectively.

Thomson/Technicolor sold its CPT business in 2005 and never had activity in the CDT business. The Company has taken measures it considers appropriate to investigate the background to, and respond to, the subpoena and the EC requests.

On November 25, 2009, Thomson/Technicolor received a Statement of Objections ("SO") from the European Commission. The SO is an intermediate step in the EC's investigation and, therefore, is not in the nature of a final decision by the EC.

On March 3, 2010, Thomson/Technicolor filed its written response to the "SO". On May 26 and 27, 2010, Thomson/Technicolor attended an Oral Hearing together with the other parties and the European Commission. Thomson/Technicolor stated that it played a minor role in the alleged anticompetitive conduct. Thomson/Technicolor also informed the European Commission about its financial situation and continues to cooperate closely with the European Commission. The EC should render its decision in 2012, but the Company considers that the timetable for the remainder of this proceeding cannot be accurately determined.

On April 29, 2010 Technicolor's Brazilian affiliate received notice from the Brazilian Ministry of Justice indicating Brazilian authorities are initiating an investigation of possible cartel activity within the CRT industry in Brazil.

The Board of Directors has conducted a thorough examination of the risk associated with these proceedings and has determined that at this stage there are too many uncertainties to assess the extent of any liability that Technicolor may incur in consequence of these investigations. Given these conditions, the criteria for establishing a reserve are not satisfied.

### ***Environmental matters***

A certain number of Technicolor's current and previously-owned manufacturing sites have an extended history of industrial use. Soil and groundwater contamination, which occurred at some sites, may occur or be discovered at other sites in the future. Industrial emissions at sites that Technicolor has built or acquired expose the Group to remediation costs. The Group has identified certain sites at which chemical contamination has required or will require remedial measures.

Soil and groundwater contamination was detected at a former production facility in Taoyuan, Taiwan acquired in the 1987 transaction with General Electric Company and Technicolor's affiliate in Taiwan owned the facility from approximately 1988 to 1992, when it was sold to an entity outside the Group. Soil remediation was completed in 1998.

In 2002, the Taoyuan Environmental Protection Bureau ordered remediation of the groundwater underneath the former facility. The groundwater remediation process is underway.

It is Technicolor's position that General Electric Company has a contractual obligation to indemnify Technicolor with respect to certain liabilities resulting from activities that occurred prior to the 1987 agreement with General Electric. General Electric denies the existence of any such obligations to Technicolor.

To date, TCETVT has incurred approximately U.S.\$11 million in remediation costs. In the class action case referenced above under "Taoyuan County Former RCA Employees' Solicitude Association", TCETVT has incurred approximately U.S.\$6.3 million to date to defend the action. It is TCETVT's position that General Electric is responsible for most if not all of the costs incurred by TCETVT for both matters, including all future costs and any judgment awarded.

In addition to soil and groundwater contamination, the Group sells or has sold in the past products which are subject to recycling requirements and is exposed to changes in environmental legislation affecting these requirements in various jurisdictions.

The Group believes that the amounts reserved and the contractual guarantees provided by its contracts for the acquisition of certain production assets will enable it to reasonably cover its safety, health and environmental obligations. However, potential problems cannot be predicted with certainty and it cannot be assumed that these reserve amounts will be precisely adequate.

In addition, future developments such as changes in governments or in safety, health and environmental laws or the discovery of new risks could result in increased costs and liabilities that could have a material effect on the Group's financial condition or results of operations. Based on current information and the provisions established for the uncertainties described above, the Group does not believe it is exposed to any material adverse effects on its business, financial condition or result of operations arising from its environmental, health and safety obligations and related risks.